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# THE NILSON REPORT

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645

FOR 27 YEARS, THE LEADING PUBLICATION COVERING CONSUMER PAYMENT SYSTEMS WORLDWIDE

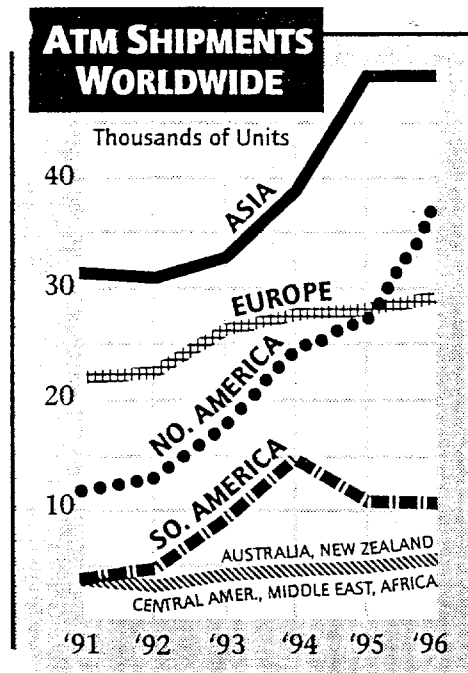
**CANADA RESULTS — 1996** Global brand general purpose cards issued in Canada — Visa, MasterCard, American Express, and Diners Club — totalled 32 million at year-end 1996, up 3%. American Express had the highest growth last year, up 15% due to introduction of new revolving ... (turn to page 10)

**SELLING CHARGED-OFF DEBT** The alternative to using collection agencies or attorney networks, or to maintaining a large staff of collectors in-house, is selling charged-off credit card accounts to companies that pay ... (turn to page 3)

**CUC TO MERGE WITH HFS** The world's largest provider of fee-based enhancement products and services to credit card issuers is merging with the world's largest franchiser of hotels and residential real estate ... (turn to page 2)



**ATM SHIPMENTS BY WORLD REGION 1996** There were 131,350 newly manufactured automated teller machines and cash dispensers shipped to end users last year — 37.2% to Asia, 28.8% to North America, 22.5% to Europe, 7.9% to South America, and ... (turn to page 6)



**SEARS BANKRUPTCY PAYOUTS** Sears, Roebuck & Co., the world's largest retail credit card issuer, has acknowledged in settlements with the Federal Trade Commission, lawyers ... (turn to page 2)

**SILCOX PLASTICS NEW OWNER** Card manufacturer Sillcocks Miller, founded in 1910 and known as Sillcocks Plastics, has been acquired by America Technology Corp. (turn to page 2)

**FIRST QUARTER OUTSTANDINGS** At the end of the first quarter, the top nine issuers of general purpose credit cards ranked by outstandings were the same as at year-end 1996. (turn to page 3)

**BANK CARDS — THIRD 100** The Visa and MasterCard credit card issuers ranked from 201st to 300th largest by outstandings at the end of 1996 are shown on pages eight and nine. □

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**Sears** (from page 1) ... representing several class-action lawsuits, and attorneys general for 39 states that it collected money "improperly and illegally." The admission involves Sears' ten-year-plus practice of getting written "reaffirmation agreements" from customers involved in Chapter 7 bankruptcy proceedings. These agreements commit a debtor to paying a retailer for goods obtained even though the debt would otherwise have been discharged by the courts. They are valid only when signed voluntarily and filed with the court prior to the close of the bankruptcy. They are also subject to the court's approval. According to the complaints against Sears, the retailer first threatened more than 200,000 cardholders with repossession of merchandise, and then neglected to file reaffirmation agreements with the Bankruptcy Court even though its collectors told cardholders such filings would take place.

In settling with the FTC, class-action attorneys, and various attorneys general, Sears has agreed to pay up to \$265 million in punitive damages and other restitution charges. Further punitive damages could be assessed by the Department of Justice pending its investigation. The retailer has also given up its right to reclaim merchandise never paid for by the bankrupt consumers. For waiving its security interest in those unpaid-for goods and to cover all costs associated with the settlements, Sears will take a charge against earnings in the second quarter. Notice of the settlement will appear in the 27 million billing statements Sears mails monthly and in two notices published in more than two dozen newspapers. Prior issues: 644, 643 □

**Silcox** (from page 1) Production will shift to ATC's Hudson, Massachusetts headquarters with new equipment to be installed in a new building scheduled to be in operation by October. The existing New Jersey facility will continue as a regional office. Sillcocks will be renamed Silcox Plastics, a division of America Technology Corp. Privately held ATC owns several businesses including Printloid, a small specialty-card plant in Long Island, New York. ATC is affiliated with Imaging Technology Corp., a manufacturer of software used for photo-identification cards, passports, etc. John Herslow, founder of Sillcocks, will continue as head of card production reporting to Charles Benz, Chairman of America Technology Corp., (508) 562-6200, fax (508) 568-7128. Prior issue: 606 □

**CARD CONNECTIONS.** Under terms of a five-year contract signed late last year, PHH Vehicle Management Services, issuer of 260,000 fuel and service payment cards for commercial fleets, will join issuer First USA Paymentech in marketing a co-branded MasterCard fleet card beginning this month. American Express and Wright Express (WEX), a subsidiary of CUC International soon to be sister company to PHH Vehicle Management Services, have a preliminary agreement to form a co-brand card partnership. WEX is the most successful U.S. fleet card issuer. MBNA edged out GE Capital late last year for a five-year co-branded MasterCard contract with HFS to develop rewards-based revolving credit cards for its real estate and lodging businesses. So far, bank card products have been issued under the names Ramada, Century 21, ERA, and Coldwell Banker.

PHH U.S. Mortgage Co. and Paymentech's majority owner First USA Inc. are partners in the mortgage industry. First USA handles all marketing and PHH the loan origination.

**CUC/HFS** (from page 1) ... brokerage offices. CUC International, a direct marketing specialist, uses sponsored mailings, outbound telemarketing, and on-line electronic shopping malls to sell insurance products, emergency roadside services, card registration, airline mileage programs, credit reports, and discount programs for dining, shopping, travel, and home improvement. Clients are in the U.S., Canada, Japan, Australia, India, South Africa, 20 European countries, and 6 South American countries. Last year, CUC solicited 500 million potential customers by mail, 200 million by telephone, and sold products and services through its on-line electronic commerce facilities. Beginning this

year, CUC expects to cross-sell to the clients of merger partner HFS.

**HFS Inc.** franchises lodging properties (Ramada Inn, Knights Inn, Travelodge, Wingate Inn, Super 8, and Village Lodge), and real estate firms (Century 21, ERA, and Coldwell Banker). It also owns PHH Corp., which is both the largest corporate fleet manager in the world and the 13th largest originator of home loans in the U.S., Avis Rent A Car — 75% soon to be spun-off in an initial public offering of common stock, and Resort Condominiums, a lodging property.

The merger will be a stock transaction expected to close in October. At that time, the companies will announce a new name. CUC International will issue 2.4 shares of its own stock for each share of HFS — about 434 million shares worth \$10.9 billion. Shareholders of each company will own about one half of the post-merger CUC/HFS. Chief Executive Officer of CUC, Walter Forbes, will serve as Chairman of the Board of the combined CUC/HFS, and current HFS head Henry Silverman will serve as its CEO. After January 1, 2000, the executives will trade jobs. Prior issues: 627, 619, 615, 593, 584, 562, and several dozen others □

**Selling Debt** (from page 1) ... cash up front. Companies in this business, which is less than five years old, paid nearly \$1.05 billion to acquire \$16.12 billion worth of debt last year, paying an average 6.5¢ on the dollar. This year, they expect to spend \$1.46 billion to acquire \$19.50 billion. That would equal 62% of the \$31.29 billion in gross charge-offs estimated for all types of credit cards in the U.S., leaving only \$11.79 billion to be distributed among collection agencies and attorneys.

Recoveries on credit card debt charged off at 180 days using outside agencies and attorneys on a contingency fee basis averages 14¢ on the dollar from agencies and 28¢ from attorneys after they have worked it over two or three times. These outside services deduct an average 30% commission, giving portfolio owners a net return of 10¢ on the dollar, but issuers often wait up to three years to collect. Direct purchasers and brokers are paying portfolio owners that much ... (turn to page 4)

**First Quarter** (from page 1) Only 13 of the 44 portfolios with outstandings over \$1 billion showed increases in outstandings since year-end 1996. Prior issues: 636, 620 □

#### LARGEST GENERAL PURPOSE CREDIT CARD PORTFOLIOS

FIRST QUARTER 1997	Outstand- ings (bil.)	Chg. vs. 1Q '96	Chg. vs. YE '96
1. Citibank	\$45.10	+6%	-4%
2. MBNA America	\$36.70	+40%	+4%
3. Discover	\$31.59	+13%	-3%
4. American Express <sup>(1)</sup>	\$28.45	+21%	0%
5. Chase Manhattan	\$25.32	+10%	0%
6. First USA	\$22.89	+25%	+3%
7. Household Bank	\$17.00	+33%	-6%
8. First Chicago NBD	\$17.00	0%	-6%
9. AT&T Universal	\$12.80	-4%	-5%
10. Capital One	\$12.27	+21%	-2%
11. Advanta	\$12.19	+4%	-4%
12. Bank of America	\$9.86	+10%	-3%
13. Banc One	\$9.54	-1%	-5%
14. NationsBank	\$9.29	+20%	+4%
15. First Union Nat'l	\$6.52	+14%	-2%
16. Provident Bank	\$6.40	+31%	-7%
17. Associates Nat'l <sup>(2)</sup>	\$5.42	+21%	+11%
18. Wachovia Bank	\$5.39	+18%	-1%
19. Wells Fargo	\$5.24	+5%	-6%
20. Chevy Chase	\$5.00	+5%	+2%
21. First Bank System	\$4.42	+10%	0%
22. Bank of New York	\$4.15	-53%	-22%
23. GE Capital Consumer	\$3.59	+39%	+28%
24. Fleet Bank	\$3.55	+111%	+10%
25. USAA Federal Savings	\$3.43	+2%	-6%
26. PNC Bank	\$3.35	+244%	+21%
27. First Nat'l Nebraska <sup>(3)</sup>	\$3.02	+15%	0%
28. People's Bank	\$2.87	+42%	+8%
29. Mellon Bank	\$2.15	-26%	-4%
30. Direct Merchants	\$1.85	+173%	+14%
31. Marine Midland	\$1.81	-6%	-8%
32. KeyCorp	\$1.76	+8%	-3%
33. Prudential B&T	\$1.69	+11%	-2%
34. CoreStates Bank	\$1.67	+11%	0%
35. First No. Amer. Nat'l	\$1.55	+83%	+4%
36. BankBoston	\$1.33	+200%	0%
37. First of America	\$1.29	+3%	-4%
38. Crestar Bank	\$1.26	-21%	-11%
39. Barnett Bank	\$1.20	-32%	+9%
40. National City	\$1.18	+12%	-7%
41. Mercantile Bank	\$1.17	-3%	-9%
42. Norwest Bank	\$1.14	-44%	-5%
43. First Omni	\$1.07	+30%	-2%
44. Diners Club <sup>(1)</sup>	\$1.07	+3%	+1%

(1) Includes outstandings generated by its 30-day credit cards. (2) Includes JCPenney Nat'l. (3) Was called First Nat'l of Omaha. © 1997 The Nilson Report

**Selling Debt** (from page 3) ... immediately — and brokers often bring in even more from auctions.

**PURCHASERS.** The leading purchaser of charged-off credit card debt is Bill Bartmann's Commercial Financial Services, the only firm of its kind. This year, CFS is on the way to acquiring \$7.5 billion worth of credit card charge-offs, up from \$5.1 billion last year. He has "forward flow" contracts with 15 of the nation's 25 largest bank card issuers. Some sell him all their charge-offs as well as precharge-offs and old debt in lieu of using any outside collection services. Bartmann appears to be taking on 24% of all new credit card charge-offs this year and, since most of his clients issue bank cards, he will be taking over 44% of all bank card charge-offs. Last year, he spent \$400 million to acquire accounts, paying up to 8¢ for paper one year old, and up to 10¢ for "prime paper" (not worked by agencies) that had been charged-off at 180 days. CFS uses a \$100-million credit line from Chase Manhattan to purchase debt and securitizes it within 45 days which provides the revolving source of funds available to finance more purchases. Bartmann retains a service fee for recovering the debt

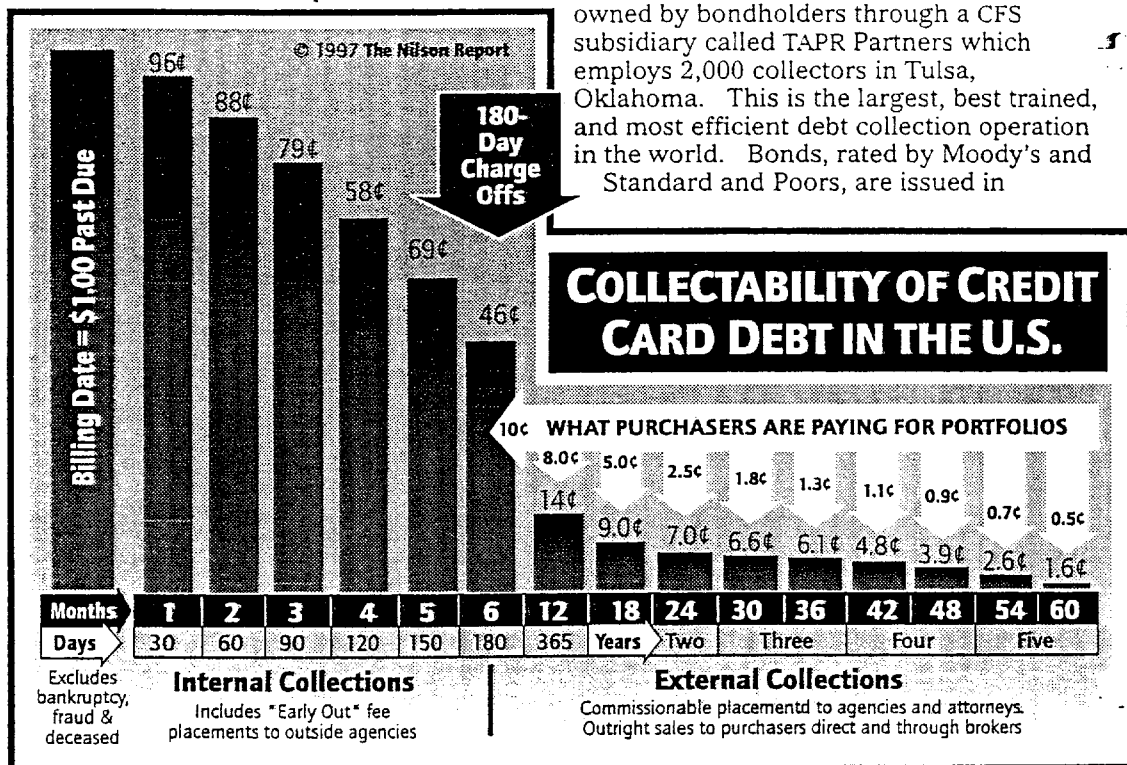
## CREDIT CARD DEBT PURCHASES IN THE U.S. — PR

ALL TYPES OF CREDIT CARDS	1990 (bil.)	1997 (bil.)	2' 7 (....)
<b>OUTSTANDINGS</b>	\$237.53	\$549.84	\$783.25
Percent of Consumer Debt <sup>(1)</sup>	29%	46%	53%
<b>DELINQUENCIES</b>	\$11.28	\$28.59	\$36.41
Percent of Outstandings	4.75%	5.20%	4.65%
<b>GROSS CHARGE-OFFS</b>	\$9.10	\$31.29	\$38.76
Percent of Outstandings	3.83%	5.69%	4.95%
<b>RECOVERIES <sup>(2)</sup></b>	\$1.37	\$4.38	\$5.04
Percent of Gross Charge-offs	15%	14%	13%
<b>PURCHASER'S MARKET</b>	\$2.20	\$19.50	\$25.00

(1) Includes only consumer use of installment and open-end credit. Excludes what consumer mortgages, rent, automobile loans, and miscellaneous small loans. (2) Includes all internal collection efforts and outright sales of debt.

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owned by bondholders through a CFS subsidiary called TAPR Partners which employs 2,000 collectors in Tulsa, Oklahoma. This is the largest, best trained, and most efficient debt collection operation in the world. Bonds, rated by Moody's and Standard and Poors, are issued in



**OBJECTED**

<b>05</b> (bil.)
\$1,180.24 57%
\$52.39 4.44%
\$51.80 4.39%
\$6.22 12%
\$32.00

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denominations of \$100 to \$200 million, maturing in three, five, and ten years. Largest holder is NEA (National Education Association). For a copy of Moody's

Investors Service report on securitization and CFS, contact Alicia Furman in New York, (212) 553-7941, fax (212) 553-3811.

Next largest purchasers ranked by their own acquisition projections for 1997 are Creditrust, Account Portfolios, Alderney Capital, Southwest Credit Card Services, Unifund Group, West Capital (rated by Duff & Phelps), and Heritage. These companies employ an average of 350 full-time collectors,

except Heritage, which is the only purchaser that does "remarketing" exclusively — a pass-through service of repackaging and selling portfolios to attorneys, agencies, and private investors. Heritage plans to offer a financing plan later this year to help small collection services purchase such debt.

**FORWARD FLOW CONTRACTS.**

Agreements that commit the seller to turn over all debt to one purchaser over a fixed period of time at predetermined prices that are based on the age of each portfolio and other variables are called forward flow contracts. They can be bulk purchases that take over all existing charge-offs that remain uncollected ... or agreements that bind the issuer (usually for at least a year) to turn over all new charge-offs in batches. Forward flow agreements are most appropriate for sellers that have small portfolios (under \$25 million) or have large portfolios requiring sales on a regular basis — monthly, quarterly, or semiannually. Such contracts favor purchasers by bringing them a stable flow of new business without competitive bidding, but usually at a lower price than selective purchases on brokered sales. (turn to page 6)

**LARGEST PURCHASERS/BROKERS/INVESTORS****DIRECT PURCHASERS**

**Account Portfolios** James Paxton is President in Atlanta, Georgia, (770) 420-1070, fax (770) 420-1085.  
**Alderney Capital Management** Mitch Bonilla is Managing Director in San Diego, California, (619) 350-6209, fax (619) 350-6203.  
**Asset Acceptance Corp.** Brad Bradley is President in St. Clair Shores, Michigan, (810) 774-0380, fax (810) 774-0537.  
**Commercial Financial Services** William Bartmann is President in Tulsa, Oklahoma, (918) 488-9119, fax (918) 488-9139.  
**Creditrust Corp.** Joseph Rensin is President in Baltimore, Maryland, (410) 594-7000, fax (410) 594-9621.  
**Heritage Financial Services** Don Neal is President in Oklahoma City, Oklahoma, (405) 722-1409, fax (405) 722-1139.  
**Houston Funding Corp.** Bob Cagle is President in Houston, Texas, (713) 783-0388, fax (713) 978-5037.  
**Merchants Recovery Services** Farrest Hayden is CEO in Cypress, California, (714) 995-0627, fax (714) 827-5284.  
**Midland Credit Corp.** Frank Chandler is President in Hutchinson, Kansas, (316) 663-1236, fax (316) 665-0140.  
**North American Capital** Joel Castle is President in Buffalo, New York, (716) 847-6767, fax (716) 849-6822.  
**Southwest Credit Card Services** Dave Schultz is President and Mike Moore is VP in Houston, Texas, (713) 787-6946, fax (713) 781-9456.  
**Unifund Group** Kristin Dougherty is VP in Cincinnati, Ohio, (513) 489-8877, fax (513) 489-7511.  
**West Capital** Manny Occiano is Executive VP in San Diego, California, (619) 560-2600, fax (619) 569-4694.

**BROKER/AGENTS**

**Cohane Rafferty** Lou DiPalma is VP in Harrison, New York, (914) 381-6300, fax (914) 381-6307.  
**Dowler & Associates** David Dowler is Managing Director in Valley Center, California, (760) 749-2197, fax (760) 749-0330.  
**First Financial Network** Bliss Morris is President in Oklahoma City, Oklahoma, (405) 748-4100, fax (405) 748-4111.  
**Koll-Dove Global Disposition Services** Dave Ludwig is Senior VP in St. Louis, Missouri, (314) 993-4500, fax (314) 993-4437.  
**Meenan, McDevitt & Co.** Tom McDevitt is Principal and Sean McVity is Managing Director in Harrison, New York, (914) 698-6118, fax (914) 698-6375.  
**Pamex Capital Partners** Tim Kirkpatrick is Senior VP in Boca Raton, Florida, (561) 361-0880, fax (561) 361-8828.

**FINANCIERS/INVESTORS**

**Cargill Financial Services** Jody Tableporter is Investment Manager in Minnetonka, Minnesota, (612) 984-3156, fax (612) 984-3905.  
**McCown DeLeeuw & Co.** Tyler Zachem and David King are Partners in New York, (212) 355-5500, fax (212) 355-6283.  
**Nomura Asset Capital** Chris Morrissey is Director in New York, New York, (212) 667-1071, fax (212) 667-1391.  
**Pegasus Investors** Caig Cogut is Principal in Greenwich, Connecticut, (302) 869-4400, fax (302) 869-6940.  
**Sun America Corporate Finance** James Hunt is President in Los Angeles, California, (310) 772-6111, fax (310) 772-6078.

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**Selling Debt** (from page 5) **BROKERS.** The leading broker is Koll-Dove which expects to auction \$7 billion worth of credit card debt this year for clients including Citibank, First Union, Norwest, First Bank System, KeyCorp, Wells Fargo, PNC Bank, and SunTrust. Its current sale of 546 million accounts for \$1 billion is the largest ever made. The previous high was \$500 million for Chase Manhattan. The next two largest brokers, Pamex and Dowler, expect their combined sales to total another \$4 billion before year-end.

Brokers that auction off debt are usually able to get 1.0¢ to 1.5¢ more than direct purchasers would pay, and that usually covers their broker commissions. They provide comprehensive services for a commission of 5% on large portfolios and up

Visa & MasterCard Credit Cards		CHARGE-OFFS AND RECOVERIES	
Year	Charge-offs (bil.)	Recoveries (bil.)	% of Charge-offs
1997*	\$26.00	\$2.85	10.96%
1996	\$19.33	\$1.62	8.36%
1995	\$12.27	\$1.31	10.70%
1994	\$8.98	\$1.21	13.45%
1993	\$8.89	\$1.09	12.24%
*Estimated.		© 1997 The Nilson Report	

to 10% on small on how much ea market pri 1, a administrative s make the debt n regional, and lo protect card iss accounts fall int collectors, an oc lawsuits being f

**SALES VS. C** issuers will con and attorney networks to colle charge them only for amounts to risk losing the relationship: been developed over many ye

### ASIA 48,870 units • no chg.

Mfr.	Units	Chg.
Fujitsu	10,918	+6%
Omron	7,698	-22%
OKI	5,685	+5%
Hitachi	4,592	+15%
InterBold	4,351	+43%
NCR	3,390	-8%
Hyosung	3,178	-19%
LG/GoldStar	2,442	+65%
Toshiba	2,125	-40%
Olivetti	1,373	+6%
Siemens	1,167	+55%
Digital	804	+49%
Bull	600	-10%
NEC	502	+106%
Citicorp TTI	22	-71%
Dassault	20	-43%
SID	2	-33%
Tidel	1	new
*Japan 23,512 • down 1%		
Fujitsu	7,250	-4%
OKI	5,450	+5%
Hitachi	4,592	+15%
Omron	3,531	+9%
Toshiba	2,125	-40%
NEC	502	+106%
Olivetti	61	-34%
Tidel	1	new

\*North America totals include figures for the U.S., Canada, and Mexico. Asia totals include figures for Japan. © 1997 The Nilson Report

### NORTH AMERICA 37,795 units • up 40%

Mfr.	Units	Chg.
InterBold	15,538	+31%
NCR	11,132	+33%
Triton	5,582	+91%
Fujitsu	2,506	-1%
Tidel	2,096	+122%
ATM Innov.	630	+2639%
Citicorp TTI	248	+50%
Olivetti	30	-65%
Digital	21	-51%
Siemens	12	-20%
*U.S. 34,307 • up 41%		
InterBold	14,017	+23%
NCR	9,536	+35%
Triton	5,582	+91%
Fujitsu	2,175	+20%
Tidel	2,096	+122%
ATM Innov.	630	+2639%
Citicorp TTI	244	+48%
Digital	21	-49%
Siemens	6	new
*Canada 1,857 • up 15%		
NCR	1,204	+19%
InterBold	611	+53%
Fujitsu	42	-79%
*Mexico 1,631 • up 65%		
InterBold	910	+1130%
NCR	392	+41%
Fujitsu	289	-45%
Olivetti	30	-65%
Siemens	6	-60%
Citicorp	4	new

### EUROPE 29,561 units • up 8%

Mfr.	Units	Chg.
NCR	12,078	+2%
Siemens	3,773	+23%
Bull	3,570	+42%
InterBold	3,313	+4%
Olivetti	2,820	-9%
Dassault	1,338	-1%
Fujitsu	1,312	+25%
Digital	761	-3%
Papelaco	540	+16%
Citicorp TTI	50	-41%
SID	5	+67%
Tidel	1	new

### AUSTRALIA/N. ZEALAND 1,783 units • up 3%

Mfr.	Units	Chg.
NCR	1,372	+29%
Fujitsu	191	+53%
InterBold	149	-64%
Olivetti	58	-56%
Siemens	8	+143%
Citicorp TTI	5	new

### CENTRAL AMERICA 925 units • up 124%

Mfr.	Units	Chg.
InterBold	450	+71%
NCR	412	+391%
Siemens	55	+10%
Citicorp TTI	7	new
Tidel	1	new

### SOUTH AMERICA 10,322 units • up 2%

Mfr.	Units	Chg.
Procomp	2,633	+21%
SID	2,026	-17%
Itautec	1,962	+15%
NCR	1,646	-
InterBold	1,567	-
Olivetti	215	-68%
Fujitsu	104	+420%
Bull	80	-69%
Citicorp TTI	64	+83%
Siemens	24	+167%
Digital	1	new

### MIDDLE EAST 1,188 units • up 15%

Mfr.	Units	Chg.
NCR	551	+16%
InterBold	475	+23%
Bull	100	+400%
Dassault	43	+72%
Digital	15	-87%
Olivetti	2	+100%
Siemens	2	new

### AFRICA 906 units • down 20%

Mfr.	Units	Chg.
NCR	502	-42%
InterBold	200	+44%
Siemens	103	+836%
Dassault	70	-3%
Bull	30	+4
Olivetti	1	new

or ones. Brokers advise clients which portfolio is worth at current and form a wide range of services including repackaging to be attractive to national, purchasers. Brokers also ers from having customer to the hands of disreputable currence that can lead to led against the issuer.

**AGENCY.** Most credit card ne to use collection agencies ct debt for their clients and recovered. Issuers don't want with these collectors that have for at least three reasons:

(1) what agencies and attorneys do collect gives issuers an up-to-date measure of what portfolios are worth based at current market prices — a reference point for judging what they can get for cash

when dealing with brokers and direct purchasers ...

(2) portfolio owners need to maintain connections to attorneys and agencies as a hedge against the possibility of purchasers running out of financing, and ... (3) too many purchasers could drive down bidding prices.

#### THE COLLECTION CRISIS.

There is plenty of credit card debt to keep

everyone busy — over \$31 billion in gross charge-offs this year headed for nearly \$52 billion by year 2005. Gross charge-offs of debt on all types of credit cards this year is projected to equal nearly 10% of all consumer debt, and 46% of debt excluding mortgages and car loans. The 5.69% of outstandings in 1997, a new high for the card industry, is expected to taper off over the next few years, although the dollar amount of accumulated card debt has created a "collection crisis" that won't go away soon. Prior issues: 626, 624, 623, 627, 616, 614, 610, 604 □

### DEBT BUYERS MARKETPLACE (PERCENT CREDIT CARD)

Year	Total Purchases (bil.) (1)	CREDIT CARDS ONLY	
		Purchases % of total	Price (bil.)
1997 (2)	\$22.94	\$19.50 85%	\$1.46
1996	\$20.19	\$16.12 80%	\$1.05
1995	\$12.50	\$4.38 35%	\$0.25
1994	\$9.00	\$1.89 21%	\$0.10
1993	\$6.00	\$0.66 11%	\$0.03

(1) Includes debt not generated by credit cards.

(2) Estimated.

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**ATM Shipments (from page 1)** ... the remaining 3.6% to Australia/New Zealand, the Middle East, Central America, and Africa. Asia was the biggest customer for full-service ATMs.

#### ATMs/CDs BY TYPE

Type	No. of Units
Indoor Lobby	63,496
Thru the Wall	36,900
Off Premises	25,664
Drive Up	5,290

North America was the top market for cash dispensers. Indoor lobby models accounted for nearly half of all units shipped.

**Asia** remained the strongest region for ATM/CD manufacturers, but its share of total shipments worldwide was down

from a high of 41.5% in 1995 to 37.2% in 1996.

Shipments to Japan were down 1%. **North America** (Canada, U.S., and Mexico) became the second largest market, receiving nearly 29 of every 100 machines shipped, up from 23 out of 100 in 1995. **Europe** was the third largest market, down from second largest in 1995. Shipments to **South America** increased slightly.

**Australia/New Zealand** received 1.3% of shipments, down from 1.6%. The **Middle East's** 0.9% share was unchanged from 1995. Shipments to **Central America** more than doubled to 925 units and its market share rose from 0.4% to 0.7%. **Africa** shipments dropped by 228 units and its share of the world market dropped to 0.7% compared to 1.0%. Prior issues: 642, 639, 620, 616, 613, 594, 573 □

#### ATMs AND CDs BY WORLD REGION

Region	ATMs	CDs
Asia	28,606	20,264
North America	16,306	21,489
Europe	12,882	16,679
South America	2,903	7,419
Australia/N. Zealand	964	819
Middle East	868	320
Central America	503	422
Africa	559	347
TOTAL WORLDWIDE	63,591	67,759

#### FULL-SERVICE ATMs

**Purpose:** moving customers from teller-assisted service to self-service. **Functions:** cash dispensing, balance and other inquiries, statement printing, bill payment, funds transfers, media dispensing (such as stamps, tickets, coupons).

#### CASH DISPENSERS (CDs)

**Purpose:** convenience to customers and income to owners. **Functions:** cash dispensing, balance inquiries, media dispensing.

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## FIFTH 50 BANK CREDIT CARD ISSUERS IN THE U.S. — 1996

Issuer, State of Issuance	Type	'96 Rank	'95 Rank	Outstandings	Total Volume	Total Accounts	Active Accounts	Credit Cards	Visa Cards	MasterCard Cards
Mountain America CU Utah	CU	146	181	\$54,100,000	\$79,538,372	30,715	23,241	30,715	30,715	0
First Nat'l of S.W. Ohio Ohio	CB	162	183	\$46,548,337	\$57,594,050	25,199	13,165	34,500	22,800	11,700
Rockwell Federal CU California	CU	196	206	\$31,752,200	\$80,147,436	24,840	18,412	32,292	25,188	7,104
Robins Federal CU Georgia	CU	204	233	\$29,959,311	\$36,005,664	17,033	14,270	25,549	25,549	0
FirstBank Colorado	CB	205	216	\$29,956,000	\$104,371,102	45,031	28,678	55,460	25,609	29,851
First Premier Bank Dorado	CB	206	237	\$29,944,161	\$54,982,125	102,420	89,963	102,420	42,906	59,514
State Dept. Federal CU Virginia	CU	207	228	\$28,129,786	\$55,466,524	19,483	14,375	22,810	0	22,810
Anheuser Busch CU Missouri	CU	208	220	\$27,564,028	\$63,592,097	27,587	20,115	27,587	16,253	11,334
MacDill Federal CU Florida	CU	209	218	\$27,511,617	\$37,196,608	22,416	16,913	29,746	28,729	1,017
Tennessee Valley FCU Tennessee	CU	210	242	\$27,400,251	\$32,536,034	15,910	12,127	15,910	11,080	4,830
American Eagle FCU Connecticut	CU	211	224	\$27,298,855	\$80,248,280	36,191	25,030	36,680	36,680	0
Langley Federal CU Virginia	CU	212	238	\$26,750,000	\$47,710,510	23,650	16,560	31,590	6,240	25,350
Chittenden Bank Vermont	CB	213	203	\$26,543,044	\$72,060,720	29,418	27,768	29,418	4,515	24,903
Coastal FCU North Carolina	CU	214	229	\$26,279,059	\$56,477,308	27,004	17,297	40,507	40,507	0
Great Lakes Credit Union Illinois	CU	215	260	\$26,278,213	\$42,215,255	13,991	11,356	18,188	18,188	0
Magna Bank Illinois	CB	216	240	\$26,134,000	\$67,096,000	37,600	26,000	47,100	18,400	28,700
Charter Oak FCU Connecticut	CU	217	—	\$26,109,119	\$32,545,600	15,711	12,848	15,711	15,711	0
South Carolina FCU South Carolina	CU	218	222	\$26,074,321	\$30,119,543	23,174	16,145	30,026	10,711	19,315
Old National Indiana	CB	219	221	\$25,814,590	\$56,644,908	33,616	26,371	44,200	24,310	19,890
US FCU Minnesota	CU	220	243	\$25,483,011	\$35,726,097	17,737	13,940	26,605	26,605	0
Howard Bank Vermont	CB	221	213	\$25,337,950	\$66,051,493	30,219	23,714	44,340	38,140	6,200
Bank of Hoven South Dakota	CB	222	193	\$25,200,000	\$33,398,000	79,000	60,723	100,000	69,000	31,000
Pacific Service FCU California	CU	223	249	\$24,974,890	\$32,094,026	13,879	10,342	18,445	18,445	0
Fairwinds FCU Florida	CU	224	253	\$24,505,509	\$31,985,691	26,183	18,129	33,104	27,100	6,004
Provident Central CU California	CU	225	244	\$24,322,495	\$60,678,867	26,457	16,863	28,721	28,721	0
Sea West Federal CU California	CU	226	247	\$24,237,354	\$35,754,967	14,247	10,000	14,247	14,247	0
Lockheed Ga. Employ. FCU Georgia	CU	227	255	\$23,534,260	\$32,421,774	14,565	10,916	18,260	18,260	0
John Deere Community CU Iowa	CU	228	248	\$23,328,081	\$44,281,684	21,907	17,092	32,860	32,860	0
Georgia Telco CU Georgia	CU	229	246	\$23,126,272	\$44,261,265	19,474	14,725	27,263	27,263	0
Colorado State Employ. CU Colorado	CU	230	252	\$22,953,036	\$38,421,615	19,653	19,653	27,800	27,800	0
University Federal CU Texas	CU	231	294	\$22,743,982	\$50,625,487	22,598	16,542	31,236	18,094	13,142
Pulaski Bank & Trust Arkansas	CB	232	—	\$22,463,281	\$29,815,863	11,684	8,990	13,525	6,400	7,125
Sumitomo Bank California	CB	233	236	\$22,395,743	\$75,555,190	31,302	16,950	39,206	39,206	0
Central Bank & Trust Kentucky	CB	234	299	\$22,158,848	\$40,878,036	7,933	5,939	10,311	6,349	3,962
Central Pacific Bank Hawaii	TH	235	—	\$22,000,000	\$44,000,000	30,500	23,160	44,000	29,500	14,500
Sandia Laboratory FCU New Mexico	CU	236	266	\$21,265,093	\$84,152,741	15,746	15,670	15,746	14,353	1,393
American Baptist CU California	CU	237	—	\$20,759,898	\$49,993,597	15,707	11,404	21,112	13,555	7,557
Bank of Louisiana Louisiana	CB	238	231	\$20,389,456	\$34,313,884	40,184	22,309	40,184	18,279	21,905
Star One Federal CU California	CU	239	271	\$20,291,213	\$78,578,490	19,764	13,729	29,706	29,706	0
United National New Jersey	CU	240	273	\$20,128,957	\$32,229,729	40,565	32,185	42,006	31,616	10,390
Arkansas Federal CU Arkansas	CU	241	—	\$19,816,439	\$13,579,797	14,014	9,950	19,620	19,620	0
Valley National New Jersey	CB	242	250	\$19,612,001	\$52,165,651	32,733	19,648	39,241	16,490	22,751
Rainier Pacific Com. CU Washington	CU	243	256	\$18,613,000	\$27,600,000	9,600	7,104	12,200	12,200	0
West Suburban Bank Illinois	TH	244	254	\$18,592,280	\$42,074,326	17,954	12,740	21,689	21,689	0
F&M Bank Virginia	CB	245	264	\$18,379,846	\$21,049,355	16,226	12,344	19,729	8,344	11,385
First Bank Illinois	CB	246	261	\$18,111,726	\$40,656,731	27,401	15,037	27,401	11,693	15,708
Ent Federal CU Colorado	CU	247	300	\$17,624,013	\$40,814,256	15,900	10,623	15,900	15,900	0
Finance Center Federal CU Indiana	CU	248	—	\$17,071,020	\$31,732,829	18,852	12,975	22,500	22,500	0
Republic Bank & Trust Kentucky	CB	249	263	\$17,066,934	\$29,857,859	11,379	8,637	15,214	13,694	1,520
USA Federal CU Michigan	CU	250	269	\$16,613,958	\$57,144,795	28,992	15,249	41,688	38,651	3,037
<b>TOTALS FIFTH 50 1996</b>				<b>\$1,233,247,438</b>	<b>\$2,418,442,231</b>	<b>1,283,344</b>	<b>937,916</b>	<b>1,564,268</b>	<b>1,120,371</b>	<b>443,897</b>

Type — CB = commercial bank, TH = thrift, CU = credit union

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## SIXTH 50 BANK CREDIT CARD ISSUERS IN THE U.S. — 1996

Issuer, State of Issuance	Type	'96 Rank	'95 Rank	Outstandings	Total Volume	Total Accounts	Active Accounts	Credit Cards	Visa Cards	MasterCard Cards
Max Federal Credit Union Alabama	CU	251	275	\$16,590,449	\$32,834,421	24,552	14,456	34,321	22,080	12,241
Telhio Credit Union Ohio	CU	252	272	\$15,867,953	\$30,008,471	16,745	9,896	22,688	22,688	0
SW Nat'l/Twin Lakes Nat'l Kansas	CB	253	279	\$15,751,758	\$33,652,140	10,953	7,759	10,528	10,528	0
Bank of the Sierra California	CB	254	280	\$15,579,264	\$33,346,484	14,749	10,141	18,444	16,644	1,800
United National West Virginia	CB	255	285	\$14,751,253	\$33,362,449	22,487	14,877	29,138	23,503	5,635
Albank FSB New York	TH	256	267	\$14,600,000	\$26,400,000	19,100	13,000	23,000	14,000	9,000
First Citizens Bank South Carolina	CB	257	270	\$14,586,873	\$16,720,827	15,605	10,587	18,137	9,375	8,762
North Island Federal CU California	CU	258	169	\$14,479,338	\$12,740,000	5,950	4,900	7,140	7,140	0
Liberty Bankcard Iowa	CB	259	303	\$14,240,000	\$23,585,000	9,875	7,100	14,300	6,500	7,800
First Financial FCU California	CU	260	281	\$13,892,773	\$10,576,269	12,380	10,436	16,814	16,814	0
First Nat'l of Anchorage Alaska	CB	261	---	\$13,665,203	\$34,598,931	16,087	9,554	21,417	0	21,417
Broadway National Texas	CB	262	293	\$13,531,045	\$32,739,965	17,402	12,043	26,103	26,103	0
WesBanco West Virginia	TH	263	289	\$13,381,211	\$26,867,108	20,496	12,366	25,703	18,798	6,905
First Community Bank West Virginia	CB	264	282	\$13,187,691	\$17,455,506	12,325	7,652	11,961	5,422	6,539
Star Financial Group Indiana	CB	265	305	\$12,741,148	\$30,811,945	17,480	10,084	22,795	14,589	8,206
S & T Bank Pennsylvania	CB	266	298	\$12,638,646	\$20,301,383	121,730	10,875	17,578	17,578	0
Whitney National Louisiana	CB	267	302	\$12,326,503	\$54,206,045	12,142	9,282	14,522	10,349	4,173
Washington Trust Washington	CB	268	292	\$11,910,795	\$41,079,139	13,011	9,696	15,852	0	15,852
R.I. State Employees CU Rhode Island	CU	269	---	\$11,764,131	\$13,632,892	8,096	6,152	8,905	8,905	0
The Mechanics Bank California	CB	270	291	\$11,313,328	\$55,333,450	31,527	18,431	31,527	1,742	29,785
BSB Bank & Trust New York	CB	271	301	\$9,560,384	\$13,168,639	11,209	8,193	11,930	9,349	2,581
Union Federal Savings Indiana	TH	272	---	\$8,820,957	\$9,870,072	21,186	7,520	18,910	18,910	0
Dollar Bank Pennsylvania	CB	273	304	\$8,792,706	\$15,051,365	11,586	7,995	11,586	11,586	0
Air Academy National Colorado	CB	274	307	\$8,128,366	\$22,252,217	10,271	7,765	9,753	1,071	8,682
Ft. Wayne National Indiana	CB	275	311	\$7,968,989	\$33,039,640	10,187	6,889	10,187	3,419	6,768
First Nat'l of Treasure Coast Florida	CB	276	309	\$7,788,303	\$22,097,748	12,906	9,726	12,906	6,557	6,349
St. Mary's Bank New Hampshire	CB	277	---	\$6,968,959	\$11,922,750	5,601	3,865	7,800	7,800	0
Merchants Bank Vermont	CB	278	---	\$6,909,592	\$32,054,677	10,663	7,521	13,197	2,655	10,542
Bank of Canton California	CB	279	308	\$6,710,000	\$11,000,000	6,450	3,600	8,000	5,100	2,900
Western Bank Oregon	CB	280	---	\$6,694,121	\$23,529,723	12,897	8,036	16,349	10,237	6,112
Pt. Mugu Federal CU California	CU	281	---	\$5,301,394	\$2,695,373	3,728	3,728	3,728	3,728	0
Bank of Raleigh West Virginia	CB	282	316	\$4,793,057	\$8,311,042	6,729	4,551	6,729	3,907	2,822
Harleysville National Pennsylvania	CB	283	---	\$4,677,612	\$13,092,040	5,714	4,104	5,021	4,229	792
Security Savings Montana, Kansas	TH	284	319	\$3,891,960	\$9,455,846	5,863	5,863	5,863	5,863	0
American Pacific Bank Oregon	CB	285	---	\$3,653,754	\$21,922,524	7,537	5,978	6,526	6,526	0
McHenry State Bank Illinois	CB	286	320	\$2,704,033	\$2,551,657	3,036	2,042	3,036	2,446	590
Independence Savings New York	TH	287	321	\$2,365,656	\$376,634	3,400	2,281	3,400	3,400	0
Cowlitz Bank Washington	CB	288	324	\$2,284,189	\$3,381,435	1,235	901	1,235	1,000	235
City Commerce Bank California	CB	289	---	\$1,978,822	\$8,454,123	2,274	1,426	2,428	0	2,428
Commerce B & T Massachusetts	CB	290	326	\$1,823,838	\$4,619,283	2,515	1,701	3,227	1,419	1,808
Community Bank of Parker Colorado	CB	291	323	\$1,716,008	\$4,472,804	2,909	2,864	3,099	3,099	0
Central National Illinois	CB	292	325	\$1,391,580	\$5,484,234	3,712	1,982	3,712	2,624	1,088
Wheatland Bank Washington	CB	293	332	\$1,289,675	\$2,500,693	1,001	782	1,573	1,573	0
Clinton National Iowa	CB	294	328	\$1,169,832	\$3,556,488	2,524	1,558	3,533	1,081	2,452
Little Horn State Bank Montana	CB	295	331	\$976,263	\$1,203,581	846	640	972	0	972
Grand Rapids State Bank Minnesota	CB	296	---	\$816,566	\$2,616,880	1,182	789	1,794	1,425	369
Patriot National Virginia	CB	297	327	\$698,899	\$3,434,836	863	493	923	186	737
Carrollton Bank Maryland	CB	298	333	\$656,973	\$1,805,897	728	451	832	652	180
Jasper County Bank Mississippi	CB	299	334	\$551,585	\$1,036,382	1,062	730	1,374	955	419
Grundy National Iowa	CB	300	335	\$531,835	\$2,097,676	1,101	792	1,101	258	843

TOTALS SIXTH 50 1996

\$398,415,270

\$877,308,684

593,607

324,053

571,597

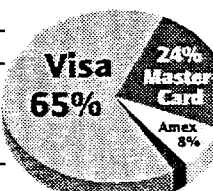
373,813

197,784

Type — CB = commercial bank, TH = thrift, CU = credit union

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**VOLUME — 1996 vs. 1995**

Brand	TOTAL		Cash (bil.)	PURCHASES		Market Shares
	(bil.)	Chg.		(bil.)	Chg.	
Visa	\$42.30	+12%	\$4.15	\$38.14	+13%	
MasterCard	\$15.58	+14%	\$1.37	\$14.21	+13%	
Amer. Express	\$4.64	+13%	\$0.02	\$4.61	+13%	
Diners Club	\$1.31	+2%	---	\$1.31	+2%	
<b>TOTAL</b>	<b>\$63.83</b>	<b>+13%</b>	<b>\$5.54</b>	<b>\$58.27</b>	<b>+11%</b>	

*Purchase volume includes all spending for goods and services including mail order, telemarketing, all other forms of direct marketing, and electronic commerce. Cash volume is credit card advances including balance transfers. There are no debit card withdrawals through the Visa or MasterCard systems.*

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**Canada Results** (from page 1) ... credit products. Of total cards, 95% (30.4 million) were printed with either the Visa flag brand or MasterCard's interlocking circles brand. Those cards generated 957.9 million transactions, 70% of which were Visa.

Of \$63.83 billion in total volume, 91% was

generated by purchases of goods and services with the remaining 9% coming from credit card cash advances. MasterCard had the highest percent increase in total volume, followed by Amex and Visa.

**PURCHASES OF GOODS AND SERVICES AT MERCHANTS.**

As an indicator of brand strength at merchant

**TOP VISA & MASTERCARD ISSUERS**

Rank	Issuer	Volume (mil.)	Cards (000)	Brand
1.	Canadian Imperial	\$14,208.0	4,784	V
2.	Royal Bank	\$13,257.4	5,258	V
3.	Bank of Montreal	\$8,900.0	6,280	MC
4.	Toronto Dominion	\$6,891.6	4,519	V
5.	Bank of Nova Scotia	\$4,894.2	2,686	V
6.	Nat'l Bank of Canada	\$2,504.4	1,989	MC
7.	Canada Trust Co.	\$2,430.7	1,174	MC
8.	La Confed. des Caisses	\$2,082.5	1,420	V
9.	CU Elect. Trans. Serv.	\$849.2	635	MC
10.	Citibank	\$698.0	623	V
11.	Laurentian Bank	\$260.4	235	V
12.	National Trust	\$167.9	144	MC
13.	Canadian Tire	\$127.8	139	MC
14.	Alberta Treasury	\$92.6	71	MC
15.	Other	\$3.1	2	V/MC

*Other: Chase Manhattan, issuer of Visa "purchasing" cards to commercial customers since November 1996. TransCanada, issuer of MasterCard revolving credit cards to consumers since November 1996. Royal Bank figures were calculated by subtracting the combined reported figures of all other Visa issuers from the association's published total. Visa affiliate banks are Investors Group Trust, L'Alliance des Caisses Populaires d'Ontario, Montreal Trust, Sattomayor Bank, Surrey Metro Savings, Vancouver City Savings, and Westminster Savings. MasterCard affiliate banks include Banca Commerciale Italiana, General Trust, Hongkong Bank of Canada, and Korea Exchange Bank.*

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outlets, purchase volume measured alone is more significant than total volume. In

Canada, the domestic-only debit card brand called **Interac** needs to be considered in this category along with global brands. Interac transactions at merchants totalled 667 million last year, more transactions than Canadians initiated in their home market with any global card brand. This year, Interac transactions should top Visa and MasterCard combined. The total general purpose card market at merchants in Canada was \$80.31 billion in 1996 including Interac volume of \$22.04 billion plus \$58.27 billion in purchases from the other four brands. **Visa** accounted for \$47 of every \$100 in spending, followed by Interac with \$27, **MasterCard** with \$18, **American Express** with \$6, and **Diners Club** with \$2. Prior issues: 620, 598 □

Brand	1996 TRANSACTIONS		CARDS		OUTLETS
	(mil.)	Chg.	(mil.)	Chg.	(mil.)
Visa	668.8	+7%	19.53	+1%	0.51
MasterCard	289.1	+9%	10.85	+6%	0.56
Amer. Express	44.2	+12%	1.46	+15%	0.22
Diners Club	10.3	+1%	0.20	0%	0.09
<b>TOTAL</b>	<b>1,012.4</b>	<b>+8%</b>	<b>32.04</b>	<b>+3%</b>	<b>0.56</b>

*Total outlets is not the sum because most outlets accept some or all of the brands shown.* © 1997 The Nilson Report

June 10, 1997

*H. Spencer Nilson*  
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